

Southern District Court of New York

For the attention of

Honourable Martin Glenn, Chief Judge

**Re: CELSIUS Case: 22-10964**

24<sup>th</sup> July 2022

Judge Glenn,

Thank you for taking time to read this contribution to proceedings in relation to Celsius actions before and since filing for chapter 11.

The vast majority of material I (as investor) was expected to read and absorb was skilfully designed to obscure one's ability to understand and predict all implications or potential repercussion of those stated terms, which I believe Celsius has used to its advantage and to the disadvantage of its community and depositor investors.

Celsius made statements since filing that state it holds the belief under its TOS that investors no longer own their crypto currency. The same crypto COINS invested deposited for the purpose of obtaining a reasonable return as interest paid into investor accounts. Investors have in good faith provided deposits to Celsius for that purpose only. Celsius has it appears used those deposits to purchase crypto mining capabilities that are in no way liquid and since these cannot be quickly converted back into currency when an investor wishes to withdraw funds, Celsius has violated its side of the agreement by converting my invested funds into assets. Additionally, my agreement with Celsius by way of a contract under common law. Celsius has entered into agreement with investors to pay interest on funds invested and for investors to have access or option to withdraw their funds on short notice without limitation.

This part of the agreement is binding and has not changed. Celsius is in breach of this agreement from the day it stopped withdrawals which occurred prior to filing for chapter 11.

The crypto industry has of recent years had its fair share of ups and downs. Crypto executives have had the latitude to develop new products and services. This latitude is afforded by investors who for the industry to develop must be able to rely on the legal system to keep firms accountable for their actions so as to not disadvantage investors. It sends the wrong message to the industry should Celsius hide behind chapter 11 to side step or "back out" of agreements made with investors.

The Celsius website is littered with statements and promises promoting their offer and whilst the site contains statements of risk, there is no specific explanations or disclaimers that if under the conditions of chapter 11 Celsius would take actions to seize all or part of investor funds to pay for assets and/or staff and executive salaries and incentives.

Under common law investor's reasonable expectations are that they (I) would receive a reasonable rate of return at the interest stated on Celsius website for funds invested as promoted by Celsius on their website and option to withdraw on short notice.

Its unjust that:

- Celsius change without notices of its intention to apply and / or interpret agreements entered into with investors in a manner to disadvantage investors
- Celsius has ambushed investors by first taking personal assets out of Celsius and then ceasing all withdrawals for investors in short succession

- Celsius attempts to place blame for the deep hole in its balance sheet on world conditions, falling market sentiment, price volatility all of which are common place in the industry and conditions that most other crypto companies in the same time frame have managed to weather.
- Celsius and its CEO state unsubstantiated claims on twitter, smear campaigns, falling bitcoin prices were to blame. This type of excuse might appeal to his mother or apply in the school yard, but as a CEO one understands the buck stops with you. The CEO alone is responsible for steering the firm and should stand up like a man and take it on the chin along with making recompense for his failures.
- Celsius made changes to TOS that profit Celsius by “pretending” its interpretation of the agreement made post chapter 11 filing was one that investors should amongst the volume of marketing content prior to Celsius stopping withdrawals have recognised and taken heed of before investing. I can assure you if that was stated prior to investing that it would cease withdrawals without notice I would not have invested through Celsius.
- Celsius to profit from ignoring all Celsius stated responsibilities and assurance on website, twitter feeds and your tube video’s retaining investor funds
- Celsius whilst within the chapter 11 process, make significant payments to staff and executives
- Celsius CEO in advance of the stopping of withdrawals siphoned funds/crypto into his wife / family accounts
- Celsius to process full payment of debt to institutional investors and expect retail investors to accept short payment or earn out without investor consent.

#### Moving forward

Immediately after Celsius ceased withdrawals from its platform there was no new or updated information distributed to investor communities that might of provided transparency. This “radio silence” is disgraceful especially when considering many investors have a significant portion of life savings with Celsius.

This inaction of Celsius, seeking to blame everyone else but themselves for mistakes made, along with its propensity to change the rules without notice has left me with the impression Celsius leadership has completely lost touch with its community and considering that Celsius is now as a business under financial stress, it cannot be trusted to honour promises made for the return of investor funds and community recompense in the future.

In summary I feel cheated and deliberately misled. Celsius was foolish to use investor funds for purposes the investor did not understand and investors did not consent to and to do so without equivalent liquidity backing. The Celsius CEO has made a lot of money from investors and if there is any future for him in any industry, he will need to return the applicable portion of investor funds he has pocketed and cease further waste of investor funds under the pretence of chapter 11.

Yours Sincerely

Martin Hannah

CEO Cypernet Pty Ltd

Celsius Member ID: <https://celsiusnetwork.app.link/1217580ef3>